

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL FOR: HEALTH CARE FINANCING ADMINISTRATION	1. TRANSMITTAL NUMBER: 00 - 007	2. STATE: Alaska
	3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)	
TO: REGIONAL ADMINISTRATOR HEALTH CARE FINANCING ADMINISTRATION DEPARTMENT OF HEALTH AND HUMAN SERVICES	4. PROPOSED EFFECTIVE DATE: October 1, 2000	

5. TYPE OF PLAN MATERIAL (Check One)

☐ NEW STATE PLAN

☐ AMENDMENT TO BE CONSIDERED AS NEW PLAN

☒ AMENDMENT

COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)

6. FEDERAL STATUTE/REGULATION CITATION: Section 1905 of the Social Security Act	7. FEDERAL BUDGET IMPACT: a. FFY <u>2001</u> \$ <u>0</u> b. FFY <u>2002</u> \$ <u>0</u>
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT: Attachment 4.19-B Pages 6-7	9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable): Attachment 4.19-B Pages 6-7

10. SUBJECT OF AMENDMENT:
Changes to reimbursement for physician services and prescribed drugs.

11. GOVERNOR'S REVIEW (Check One):

<input type="checkbox"/> GOVERNOR'S OFFICE REPORTED NO COMMENT	<input checked="" type="checkbox"/> OTHER, AS SPECIFIED: Does not wish to comment
<input type="checkbox"/> COMMENTS OF GOVERNOR'S OFFICE ENCLOSED	
<input type="checkbox"/> NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL	

12. SIGNATURE OF STATE AGENCY OFFICIAL: <i>Bob Labbe</i>	16. RETURN TO: Division of Medical Assistance P.O. Box 110660 Juneau, Alaska 99811-0660
13. TYPED NAME: Bob Labbe	
14. TITLE: Director, Division of Medical Assistance	
15. DATE SUBMITTED: December 14, 2000	

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17. DATE RECEIVED: <i>DEC 21 2000</i>	18. DATE APPROVED: <i>FEB 27 2001</i>
PLAN APPROVED - ONE COPY ATTACHED	
19. EFFECTIVE DATE OF APPROVED MATERIAL: <i>OCT 1 2000</i>	20. SIGNATURE OF REGIONAL OFFICIAL: <i>LSI</i>
21. TYPED NAME: <i>Teresa L. Trimble</i>	22. TITLE: ASSOCIATE REGIONAL ADMINISTRATOR DIVISION OF MEDICAID - ALASKA STATE OFFICE
23. REMARKS:	

FOOTNOTES: 12/18 Juneau

P&I authorized by state 2/2/01 to delete: "the AVG wholesale price w/o 5% reduction is paid for those drugs whose pricing is established by Dept of Justice" & ADD: To AVG WHOLESALE prices w/o the 5% reduction is paid for those drugs whose pricing is established by

**Methods and Standards for
Establishing Payment Rates: Other Types of Care**

Physician Services

Payment is made at the lesser of billed charges, the Resource Based Relative Value Scale (RBRVS) methodology, the provider's lowest charge, or the state maximum allowable for procedures that do not have an established Relative Value Unit (RVU). The Resource Based Relative Value Scale methodology is that described in 42 CFR 414 except that increases and reductions to the average payment made for an individual procedure code billed at least ten times during the previous fiscal year will be phased in until the year 2000. The relative value units used are the most current version published in the Federal Register. Non-routine office supplies are reimbursed at the lesser of billed charges or the state maximum allowable.

Payment for the services of a physician collaborator is made at the lesser of billed charges, 85 percent of the Resource Based Relative Value Scale methodology, the provider's lowest charge, or the state maximum allowable for procedures that do not have an established RVU. Physician collaborators are a physician assistant, advanced nurse practitioner, physical therapist, occupational therapist, audiologist, speech language pathologist, certified registered nurse anesthetist, or a community health aide III or IV or a community health practitioner certified by the state.

Surgical reimbursement is in accordance with the Resource Based Relative Value Scale methodology except that multiple surgeries performed on the same day are reimbursed at 100 percent of the RBRVS rate for the highest procedure and 50 percent of the RBRVS rate for each additional surgery; bilateral surgeries are reimbursed at 150 percent of the RBRVS rate; co-surgeons are reimbursed by increasing the RBRVS rate by 25 percent and splitting payment between the surgeons; and supplies associated with surgical procedures performed in a physician's office are reimbursed at the lesser of billed charges or the state maximum allowable. Payment is made to surgical assistants at the lesser of billed charges or 25 percent of the Resource Based Relative Value Scale methodology.

Laboratory services are reimbursed at the lesser of the amount billed the general public or the Medicare fee schedule. Prescription drugs dispensed by a physician are reimbursed at 95% of the Average Wholesale Price (AWP) without a dispensing fee.

Payment is made to independently enrolled hospital-based physician for certain services at the lesser of the amount billed the general public or 46.92 percent of the Resource Based Relative Value Scale methodology.

Anesthesia services are reimbursed using base units and time units and a state determined conversion factor.

TN No. 00-007 Approval Date 2-27-01 Effective Date 10-1-00
Supersedes TN No. 98-14

Methods and Standards for
Establishing Payment Rates: Other Types of Care

Podiatry Services

Payment is at the lesser of billed charges, the Resource Based Relative Value Scale methodology used for physicians, the provider's lowest charge, or the state maximum allowance for procedures that do not have an established RVU.

Prescribed Drugs

- (a) Reimbursement will be made to the provider for reasonable and necessary postage or freight costs incurred in the delivery of the prescription from the dispensing pharmacy to a recipient in a rural area. Cross-town postage or delivery charges are not covered. Handling charges are included in the dispensing fee (below) and are not directly reimbursed.
- (b) The payment for multiple source drugs for which the Health Care Financing Administration has established a specific upper limit amount will be the lesser of the amount billed or that upper limit, plus the dispensing fee.
- (c) The payment for drugs other than those of (b) above, and for brand names of multiple source drugs specified by the prescriber in accordance with 42 C. F. R. 447.331 will be the dispensing fee plus the estimated acquisition cost of that drug, which is the average wholesale price published in the American Druggist Blue Book, as updated monthly, less 5 percent of that amount, ~~except the average wholesale price without the 5 percent reduction is paid for those drugs whose pricing is established by the Department of Justice (DOJ).~~ **the average wholesale price without the 5 percent reduction is paid for those drugs whose pricing is established by the average sale price.** However, the payment will not exceed the lower of the estimated acquisition cost plus the dispensing fee, or the providers lowest charge.
- (d) The payment for compounding prescriptions will be the sum of the costs of each of the ingredients as established under (b) or (C) (above), plus the dispensing fee, plus an additional compounding rate of \$5.75 for each 15 minutes required to compound the prescription.

P&I
Change

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